

Submission.

My name is Scott McRae. I apologise to the Committee for the lateness of my submission.

I write to you as a fisher and quota holder.

The ITQ system developed over the last 30 years starting as a way to limit fishing effort in order to preserve fisheries.

It started as a quantum (amount) and became a means to transfer fishing rights between stakeholders.

It is integral to the management and conduct of fishing operations in Australia. Governments, harvesters and quota holders have vital and interdependent roles.

The Australian Government and its delegate state managers have allowed transfer of fishing rights by nomination.

A fisher retires and applies to the state to transfer his right to fish to another fisher, usually for money.

The practice is fair because anyone can have a go at it.

It is estimated by sources close to the industry that sixty to seventy percent of ITQs are owned by active fishers or their immediate families.

Most abalone ITQs are mortgaged to banks.

The return on investment from an abalone ITQ is around five percent. Some holdings are as small as one third of an ITQ.

Five to seven percent royalty is the normal range in Australia.

Fisheries management in Tasmania is second to none.

A major influence was the political leadership of then Premier David Llewellyn who oversaw the implementation of the Tasmanian abalone quota deed which then became mortgageable.

This enabled fishing families like the Jordans of King Island, the Hardys of Stanley, the Hammonds of Flinders Island and many others to create jobs and build boats, houses and factories in their communities.

The research from the Institute of Marine and Antarctic Science that guides abalone management in Tasmania is world class.

The state is host to the work of internationally respected abalone scientists-Doctors Jeremy Prince, Keith Sainsbury, Craig Mundy and a number of others.

The idea that the fishery is not conducted properly is driven by the fact that the world's population has gone from three to eight billion in my lifetime.

The increase has caused environmental changes that have harmed abalone.

This leads to the question of whether there are divers displaced by these circumstances.

The answer is yes.

The smaller number whose businesses remain viable have had to increase standards of diving efficiency, occupational health and safety, regulatory compliance, networking to obtain quota and professionalism in general.

I want to talk about a major figure in the ITQ story.

After serving as a U.S. Marine in Vietnam, Allen Hansen, possibly disappointed at his country's negative mood toward the war, came to Smithton Tasmania. He could not, he told me, get a loan from a bank to start his abalone factory. Eventually, a local Jewish man gave him finance. Tasmanian Seafoods was born.

Local fishermen, such as Graeme Airey from Cousta Rocks, supported the company because Allen was a man of his word and always paid. Not the highest price, but, he claimed, the average price.

Over the years, many divers entered into contracts with Tasmanian Seafoods to buy abalone licences in partnership. Thus gaining access to the fishery they could not otherwise afford.

Many families, careers and businesses were started in this way. Allen built his holdings by working most days of the week most weeks of the year for over forty years. Also he always bought assets and licences when they were well priced.

Because of this, the company was able to put a floor under prices when downturns occurred. These downturns include SARS, Bird Flu, Abalone Viral Ganglion Neuritis Victoria, Covid and trade sanctions. Sometimes, Allen would be sitting on ten million dollars of canned abalone waiting for the market to improve to get his money back. This while still buying from fishermen—a nerve-racking situation.

In the same way, Tasmanian Seafoods, because of its large resources, is able to support the value of licences and ITQs during these adverse events. This is of great service to the community and the economy.

When Allen died, his son Darwin, a quietly spoken with a degree in engineering from an American university, decided to continue as CEO of the company. Obviously, he could have sold his inherited assets and lived any life he chose.

Instead, he has continued leading the company with his passionate commitment to science based sustainable fishing.

In closing, I thank the Committee of Inquiry and those who gave submissions for contributing to the public record.

Scott McRae

17/11/22